

VZCZCXYZ0002
RR RUEHWEB

DE RUEHAM #7726/01 2831233
ZNR UUUUU ZZH
R 101233Z OCT 06
FM AMEMBASSY AMMAN
TO RUEHC/SECSTATE WASHDC 4747
INFO RUEHDOI/DEPT OF INTERIOR WASHDC
RUEHRC/USDA FAS WASHDC
RUCPDO/DEPT OF COMMERCE WASHDC
RUEAUSA/DEPT OF HHS WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RUEAEPA/HQ EPA WASHDC

UNCLAS AMMAN 007726

SIPDIS

SIPDIS

STATE PASS TO National Science Foundation
STATE Interior for International/Senhadji
Commerce for NOAA/International/Ware-Harris, Child
Commerce also for NIST/International
EPA for International/Medearis

E.O. 12958: N/A

TAGS: [TSPL](#) [BEXP](#) [SENV](#) [KTIA](#) [TBIO](#) [TPHY](#) [ETRD](#) [JO](#)

SUBJECT: Jordan Welcomes S&T Engagements with Business Flavor

Ref: Amman 4527

¶1. Summary: Jordanian officials, academics and businessmen welcomed progress on two major, parallel S&T projects during late-September meetings with USG and private Americans: the private-sector focused Jordan Science and Technology Initiative (JSTI), and the government-to-government Science and Technology Agreement. End summary.

¶2. Ken Ferguson, Middle Eastern Affairs Officer from the OES Bureau's Office of Science and Technology Cooperation (OES/STC), visited Amman September 16-22 as part of a public-private delegation representing the Jordan Science and Technology Initiative (see below). While in Amman, Ferguson undertook a round of separate meetings with GOJ officials to discuss the proposed Science and Technology (S&T) Agreement between the two governments.

Minister Puts S&T on Agenda of Free Trade Meeting

¶3. At the request of Jordan's Minister of Industry and Trade (MOIT) Sharif Zu'bi, S&T cooperation was put on the agenda of the U.S.-Jordan Free Trade Agreement (FTA) Joint Committee meeting on September 17 although the subject does not fall in the purview of the FTA. Zu'bi opened the segment on S&T by saying that the S&T Agreement is "close to my heart." He said that the "important" U.S.-Jordan S&T Agreement will "open the way" for the cooperation and technology transfer that Jordan needs to move to a technology-based economy.

¶4. In response to GoJ inquiries, Ferguson noted that S&T agreements do not come with their own funding, but are rather a mechanism to develop funding for particular projects. He stressed the need on the U.S. side for C-175 interagency approval before negotiations could begin, adding that the C-175 clearance process would start soon and would take a minimum of several weeks. Noting his presence in Amman as part of the Jordan S&T Initiative (JSTI) delegation, Ferguson said that the JSTI is exactly the type of S&T cooperation that we would hope for under the framework of the S&T agreement.

Information and Idea Session on STA at Working Level

¶5. On September 21, Ferguson had a follow-up meeting at the working level with MOIT Director of International Trade Policy Maha Al-Ali.

Al-Ali was joined by a representative from the Higher Council for Science and Technology. Ferguson and ESTH Officer outlined the essential processes, players, and mechanisms of the process for reaching an S&T agreement, including the need for C-175 interagency consultation and approval, the need for legal scrutiny at each step, and the fact that the agreement does not come with any dedicated funding. In the absence of C-175 clearance, Ferguson emphasized that the discussions were informal and general in nature.

GOJ Has Done Interagency Coordination

¶6. Al-Ali said that the GOJ has been coordinating internally on preparations for negotiating the S&T Agreement. She said the Ministry of Planning and International Cooperation will likely sign and administer the agreement, that the Higher Council for Science and Technology (HCST) would implement the agreement, and that the Ministry of Industry and Trade would be the facilitator and point of contact during the negotiations.

¶7. Al-Ali, in asking about financing, said that the GOJ doesn't want to see the agreement "go on the shelf." Ferguson reiterated that S&T agreements normally don't have funding, although the S&T Agreement with India has an endowment that came as a result of special circumstances. Trying to raise an endowment would slow down the process of reaching an agreement, but management of an endowment, he allowed, would not be difficult.

Ideas on Possible Foci

¶8. Ferguson noted the suggestion by HCST Secretary General

Shuraydeh of including language on innovation and entrepreneurship. One possible focus of the U.S.-Jordan agreement could be technology transfer and building relationships between the academic and business communities. ESTH Officer also noted Jordan's regional role, and suggested that perhaps this could be taken into consideration in the S&T Agreement.

JSTI Proposes Cooperation for Commercialization

¶9. In parallel with a future S&T Agreement, the other major S&T project discussed during Ferguson's visit was the Jordan Science and Technology Initiative (JSTI). JSTI was initially supported by a U.S. Trade Development Agency grant, and has been developed by the IC-Squared Institute affiliated with the University of Texas at Austin. Three representatives from IC-Squared (Sid Burback, Norman Kaderlan, Jim Dukowitz) plus Ken Ferguson from OES/STC visited Amman September 16-22, and had a series of meetings to outline JSTI's business plan. Their meetings included MOIT Minister Zu'bi, Dean of Science at the University of Jordan Dr. Hala Horani, Dr. Khaled El-Shuraydeh from the Higher Council for Science and Technology, Dr. Tarik Awad from the King Abdullah Fund for Development, Dr. Moayad Samman from the King Abdullah Design and Development Bureau (KADDB), and in-house meetings at the Embassy. Private sector meetings included Omar Al-Masri from Edgo, Ghassan Nuqul of the prominent Nuqul Group, and Dr. Zaki Ayoubi from the Jordan Chamber of Industry.

JSTI About Business, not About Science

¶10. Throughout their meetings, the JSTI team emphasized that JSTI is about business, not about science, and takes a market-driven, practical perspective. JSTI started as the result of a conversation between then-Secretary of Commerce Donald Evans and King Abdullah about expanding the role of science and technology in the Middle East. Development of the concept was supported by a grant from the U.S. Trade Development Agency to the University of Texas. An initial feasibility study was then followed by a business plan.

¶11. JSTI was developed by experienced businessmen who used

conservative estimates and clear metrics in developing JSTI's business plan, said Burback. JSTI is a public-private partnership that is complementary to, not competitive with, existing institutions and programs. The project's goal is to create local "ownership" of a mechanism that promotes and supports innovation, and to lead to job creation, technology transfer, and Jordanian competitiveness in high-technology sectors.

Early Projects Will Help to Create 1,700 New Jobs

¶12. According to JSTI's conservative estimate, the initiative, if fully implemented, will create 30-40 new technology companies and 1,700 new jobs in its first five years, said Burback. JSTI has several components, including addressing regulatory obstacles, putting "gap" funding mechanisms in place, matching American businesses with an interest in Middle East markets with Jordanian partners, and coordinating among Jordanian stakeholders. Bringing the private sector earlier into the R&D cycle is another goal, since that will help accelerate development and commercialization. "Mining and matching" interested U.S. firms to Jordanian companies will help to "jumpstart" the JSTI process. Early projects are likely to focus on existing skills, and tailoring existing products to the regional market. These are projects with a fast turn-around and a high probability of success.

\$7 Million Funding for First Two Years

¶13. JSTI is a business venture to commercialize research, said JSTI delegation head Sid Burback; it's not development assistance. JSTI needs \$7 million in funding for its first two years of operation. Of that \$7 million, \$1.4 million will go to a "gap" fund to help bring innovations to a prototype stage, at which point they'll be more attractive to commercial funding. The remaining \$5.6 million will be for operating JSTI. Burback explained that there will

clearly always be a need for public funds in JSTI's budget, probably about 30% of the budget. Incubators that are 100% private have been problematic in the United States, said Burback. Fees and other internally generated revenue should cover 70% of JSTI's budget. The University of Texas team expects that its role will diminish over time as JSTI starts up and local staff gains expertise. Burback estimated that once the Jordanian side gives approval and funding to JSTI, JSTI can be up and running in eight months, and working on 3-5 low-risk, initial projects.

¶14. JSTI will link into the technology sector in Jordan and hopes to take advantage of both the U.S.-Jordan Free Trade Agreement and the proposed U.S.-Jordan S&T Agreement. Dr. Khaled Shuraydeh, Secretary General of the Higher Council for Science and Technology,

SIPDIS

suggested additional wording for the S&T Agreement that would note its connection to innovation and entrepreneurship.

When do We Start?

¶15. The reception by the GoJ given to the JSTI proposal was very warm. Minister of Industry and Trade Zu'bi said JSTI was "fantastic," and is exactly what his ministry wants. He went on to say that the process outlined by JSTI is "not a matter of choice," that Jordan cannot afford to remain focused on low technology industry. Dr. Shuraydeh from the Higher Council for Science and Technology offered his wholehearted support, and HCST resources such as office space to get JSTI up and running ASAP. Both Zu'bi and Shuraydeh asked, "What do we need to do next?" and noted their willingness to proceed even before a formal agreement is reached.

Organizational Meeting Suggested as Next Step

¶16. Governance, credibility and Jordanian support for JSTI will be

critical, said Burback and Norman Kaderlan from the University of Texas. JSTI will need a champion and a strong board, and funding, of course. Shuraydeh and MOIT Minister Zu'bi agreed with the delegation that an appropriate next step is to assemble a working group that would develop a structure, resource commitments, and an implementation plan for JSTI. Burback said that the delegation would develop a short list of candidates for the proposed working group.

117. This cable was cleared by OES/STC.

RUBINSTEIN